

WHY WEALTH MANAGERS MUST INNOVATE

It's a point of reckoning for family offices in 2018, writes Bedrock's *Carlota van de Koppel*. It's time to find out if yours has the DNA to last

STABILITY IS A positively Jurassic buzzword in wealth management. But if the way your wealth is managed hasn't changed recently, you should be questioning why.

Technological advances, new regulations, a changing macroeconomic climate, and investors with differing expectations have created an unfamiliar and rapidly evolving investment landscape for wealth managers accustomed to a slower pace. PwC picked up on all these factors in a November 2017 report, claiming that wealth managers are now at a 'do or die' moment: adapt and overcome or fall behind, perhaps never to recover.

Family offices ought to excel in their understanding of client needs. It's specialist knowledge – but large wealth managers are snapping at their heels. Innovation will be the key in any battle for survival.

New thinking in service delivery and investment offering is what's needed, and in this the traditional family office may be worse-off than most. Smaller and more conservative, they have been rather slow to adopt new practices. Service and delivery demands require investment in technology – something larger, less specialised wealth managers have taken a considerable lead in doing.

Investment strategies also require attention. In the past, family offices could offer competitive returns

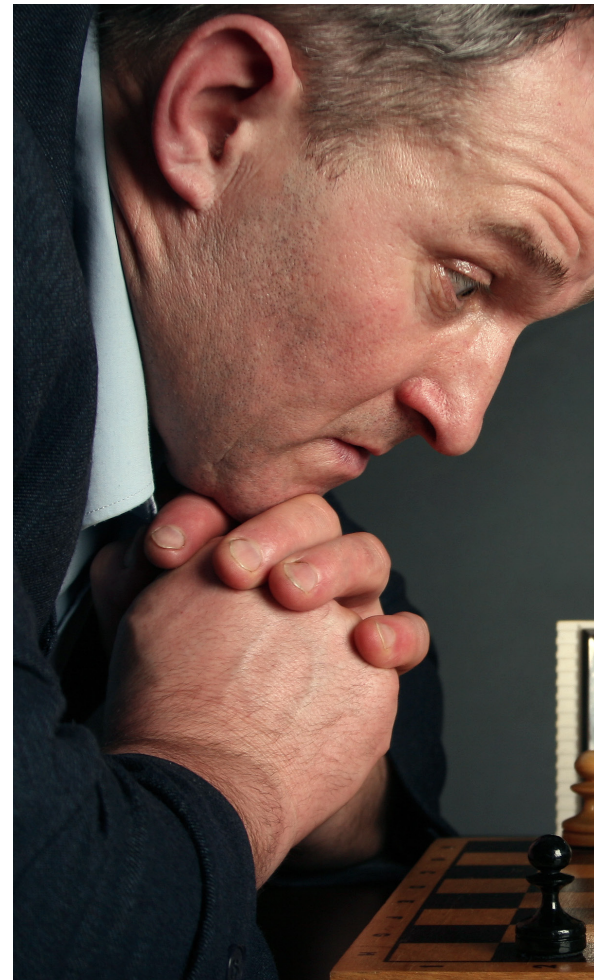
through simple investment strategies, but the rapid rise of cheap passive investing vehicles and the use of technology to automate portfolio management processes are putting their fees and returns under pressure. Quite simply, clients want more.

Ultimately, it is specialist knowledge and service that will single out the family offices with the right DNA to survive in this new era. PwC points to alternative investments and niche strategies as areas where family offices can add value for their clients – and it isn't the only management consultancy to do so.

ADAPT TO SURVIVE

Some family offices have already risen to the challenge. Bedrock, an international multi-family office, has built a reputation for itself as a leader in the pursuit of innovative investment strategies. The founding team have been working together for more than 20 years and count within their experience the management of a bank's assets, as well as the management of a portfolio of over US\$10 billion.

Since its foundation, Bedrock has always strived to add trend-setting niche strategies to its core portfolios: this is how it has been able to provide clients with opportunities typically untapped by other family offices,



ABOUT BEDROCK

Founded in 2004, Bedrock is an international investment and advisory firm providing innovative solutions to families and institutions. With assets under administration (AUA) of more than US\$10 billion, the company has remained 100 per cent privately owned, with offices in London, Zurich, Geneva and Monaco.
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ABOUT BRT

Established in 2004 as the IT and operations division of Bedrock, and becoming a spin-off in 2007, BRT is now one of the most innovative, independent providers of outsourced middle and back-office support to investment management institutions. BRT services over CHF45 billion of assets for leading financial services firms.

Web www.brt.ch

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such as peer-to-peer (P2P) lending and trade finance as well as access to investment in pioneering technologies. Indeed, at the more liquid end, Bedrock offers targeted thematic exposure to sectors such as robotics, AI, and mobile payments, while at the other end of the liquidity spectrum, clients can participate in select private equity investments in pre-IPO technology companies.

Bedrock's tech focus extends to reporting and consolidation solutions through its dedicated BRT unit, which currently services a number of leading wealth managers, family offices, hedge funds and private banks across the globe.

Looking ahead, will Bedrock retain its unique position? 'As we approach 2018, Bedrock remains very well placed in the family office space given its expertise and access to alternative and niche investment strategies,' says Alexander Classen, a managing partner of Bedrock.

'Our close working relationships with our clients and BRT ensure a continuous source of insights to innovate both our processes and our offering. As such, aside from our efforts to remain innovative, we do believe that we have created a significant head start that will help us to serve our clients well in the years to come.'

